

ALVORD AND ALVORD

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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

September 28, 2000

RECORDATION NO. 23132 FILED

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

SEP 29 '00 10-19 AM
Ts
SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of Memorandum of Lease, dated as of September 29, 2000, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: ABN AMRO Bank N.V.
135 South LaSalle, Suite 725
Chicago, Illinois 60674

Lessee: Eastman Chemical Company
100 North Eastman Road
Kingsport, Tennessee 37662

A description of the railroad equipment covered by the enclosed documents is:

Sixty eight (68) railcars with ETCX rail marks: 223900 – 223903 inclusive, within the series 252050 – 252149 not inclusive, and 258000 - 258022 inclusive except for 258013.

A short summary of the railroad equipment covered by the enclosed document is:

Mr. Vernon A. Williams
September 28, 2000
Page 2

Memorandum of Lease, dated as of September ____, 2000 between ABN AMRO Bank N.V., Lessor, and Eastman Chemical Company, Lessee, covering sixty eight (68) railcars with ETCX rail marks: 223900 – 223903 inclusive, within the series 252050 – 252149 not inclusive, and 258000 - 258022 inclusive except for 258013.

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed documents to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/bjg
Enclosures

RECORDATION NO. 23132 FILED

**FILING AND RECORDING REQUESTED BY,
AND WHEN FILED AND RECORDED RETURN TO:**

SEP 29 '00

10-19 AM

SURFACE TRANSPORTATION BOARD

Alvord & Alvord
918 16th Street, NW, Suite 200
Washington, DC 20006-2973
Attention:

-----SPACE ABOVE THIS LINE FOR RECORDER'S USE-----

MEMORANDUM OF LEASE

dated as of September 29, 2000

between

EASTMAN CHEMICAL COMPANY,
a Delaware corporation,
as Lessee,

ABN AMRO BANK N.V.,
not individually,
but solely in its capacity as Agent Lessor

SEP 29 '00

10-19 AM

SURFACE TRANSPORTATION BOARD

This **MEMORANDUM OF LEASE** dated as of September 29, 2000 (this "**Memorandum**") between **ABN AMRO BANK N.V.**, not in its individual capacity, but solely as Agent Lessor, with an address at 135 South LaSalle, Suite 725, Chicago, Illinois 60674-9135 ("**Agent Lessor**"), and **EASTMAN CHEMICAL COMPANY**, a Delaware corporation, with an address at 100 North Eastman Road, Kingsport, Tennessee 37662-5075, as Lessee ("**Lessee**").

WITNESSETH:

WHEREAS, Lessee and Agent Lessor have entered into (i) that certain (unfiled) lease agreement dated as of the date hereof (as from time to time amended, restated, supplemented or otherwise modified, the "**Lease**") pursuant to which Agent Lessor will lease to Lessee, and Lessee will lease from Agent Lessor, the units of equipment delivered to Agent Lessor on each Delivery Date as more fully described in each Lease Supplement, (ii) that certain Lease Supplement No. 1 (unfiled) dated as of the date hereof and (iii) that certain Lease Supplement No. 2 (unfiled) dated as of the date hereof (the "**Lease Supplement**") covering the units identified on Annex A hereto (the "**Units**").

NOW, THEREFORE, in consideration of the mutual premises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions; Interpretation; Full Recourse. For all purposes hereof, the capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in Appendix 1 to that certain Participation Agreement dated as of even date herewith, among Lessee, Agent Lessor and the Participants identified therein (as from time to time amended, restated, supplemented or otherwise modified, the "**Participation Agreement**"). The rules of interpretation set forth in such Appendix 1 shall also apply hereto. This Memorandum evidences of record the Lease, and all references herein or in the other Operative Documents to the Lease shall be deemed to include this Memorandum. All obligations imposed on the "Lessee" in the Lease shall be the full recourse liability of Lessee.

SECTION 2. Units. Effective upon the execution and delivery of this Memorandum and each Lease Supplement by Agent Lessor and Lessee, the units identified in such Lease Supplement shall be subject to the terms and provisions of the Lease. Subject to the terms and conditions of the Lease, Agent Lessor hereby leases the Units to Lessee for the Lease Term and Lessee hereby agrees to lease the Units from Agent Lessor for the Lease Term.

SECTION 3. Lease Term. Unless earlier terminated in accordance with the provisions of the Lease or the other Operative Documents, the term of the Lease and this Memorandum (the "**Lease Term**") shall consist of the Base Term and any Renewal Terms. The Base Term shall begin on the date hereof and shall end on May 1, 2005). Subject to the terms and conditions of the Lease, Lessee may elect to extend the Lease Term, or the initial Renewal Term, as the case may be, for a one year period (each, a "Renewal Term"). In no event shall more than two Renewal Terms be granted. For and in consideration of good and valuable consideration paid by Lessee to Agent Lessor as described in the Lease, Agent Lessor hereby grants to Lessee the right

to purchase the Units or to market and sell the Units during the Lease Term of this Memorandum on the terms set forth in the Lease.

SECTION 4. Nature of the Transaction. It is the intention of the parties that:

(a) the Overall Transaction constitutes an operating lease from Agent Lessor and Participants to Lessee for purposes of Lessee's financial reporting;

(b) for all other purposes, including federal and all state and local income and transfer taxes, bankruptcy, insolvency and receivership (including the substantive law upon which bankruptcy, insolvency and receivership proceedings are based), commercial law and UCC purposes:

(1) the Overall Transaction constitutes a financing by the Participants to Lessee and preserves beneficial ownership in the Equipment in Lessee, and the obligations of Lessee to pay Basic Rent shall be treated as payments of interest to the Participants, and the payment by Lessee of any amounts in respect of the Lease Balance shall be treated as payments of principal to the Participants; and

(2) the Lease grants a security interest in the Equipment in favor of Agent Lessor for the benefit of the Participants.

Nevertheless, Lessee acknowledges and agrees that none of Agent Lessor or any Participant has made any representations or warranties concerning the tax, accounting or legal characterization of the Operative Documents or any aspect of the Overall Transaction and that Lessee has obtained and relied upon such tax, accounting and legal advice concerning the Operative Documents and the Overall Transaction as it deems appropriate.

(c) Specifically, without limiting the generality of Section 4(a), the parties hereto intend and agree that in the event of any insolvency or receivership proceedings or a petition under the United States bankruptcy laws or any other applicable insolvency laws or statute of the United States of America or any State or Commonwealth thereof affecting Lessee, Agent Lessor or the Participants or any collection actions, the transactions evidenced by the Operative Documents are loans made by the Participants in each case as unrelated third party lenders, and that Agent Lessor holds title to the Equipment for the benefit of the Participants to secure Lessee's obligations to repay such loans to the Participants and all other amounts due under any of the Operative Documents.

SECTION 5. Notice to Potential Claimants. Nothing contained in this Memorandum or the Lease shall be construed as constituting the consent or request of Agent Lessor, expressed or implied, to or for the performance by any contractor, mechanic, laborer, materialman, supplier or vendor of any labor or services or for the furnishing of any materials for any construction, alteration, addition, repair or demolition of or to any Unit or any part thereof. **NOTICE IS HEREBY GIVEN THAT NEITHER AGENT LESSOR NOR ANY PARTICIPANT IS OR SHALL BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO LESSEE, OR TO ANYONE HOLDING A UNIT OR ANY PART OR PORTION THEREOF THROUGH OR UNDER LESSEE, AND THAT NO MECHANIC'S OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR**

MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF AGENT LESSOR OR ANY PARTICIPANT IN AND TO ANY EQUIPMENT.

SECTION 6. Ratification. The terms and provisions of the Lease are hereby ratified and confirmed and remain in full force and effect. In the event of any conflict between the terms of the Lease and the terms of this Memorandum, the terms of the Lease shall control.

SECTION 7. GOVERNING LAW. THIS MEMORANDUM SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF.

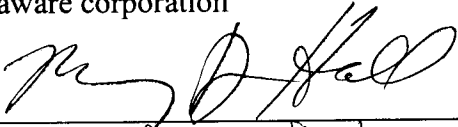
SECTION 8. Counterpart Execution. This Memorandum may be executed in any number of counterparts and by each of the parties hereto in separate counterparts, all such counterparts together constituting but one and the same instrument.

[Signatures on next page]

IN WITNESS WHEREOF, each of the parties hereto has caused this Memorandum to be duly executed by an officer thereunto duly authorized as of the date and year first above written.

LESSEE:

EASTMAN CHEMICAL COMPANY,
a Delaware corporation

By: 
Name Printed: Mary D. Hall
Title: Asst. Treasurer

AGENT LESSOR:

ABN AMRO BANK N.V., not individually
but solely in its capacity as Agent Lessor

By: _____
Name Printed: _____
Title: _____

By: _____
Name Printed: _____
By: _____

IN WITNESS WHEREOF, each of the parties hereto has caused this Memorandum to be duly executed by an officer thereunto duly authorized as of the date and year first above written.

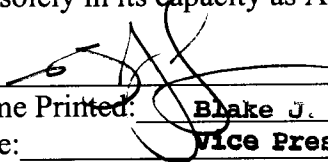
LESSEE:


EASTMAN CHEMICAL COMPANY,
a Delaware corporation

By: _____
Name Printed: _____
Title: _____

AGENT LESSOR:

ABN AMRO BANK N.V., not individually
but solely in its capacity as Agent Lessor

By:  _____
Name Printed: **Blake J. Lecher**
Title: **Vice President**

By:  _____
Name Printed: **Elizabeth R. McClellan**
By: **Vice President**

ACKNOWLEDGMENT-LESSEE

STATE OF Tennessee)
COUNTY OF Sullivan)

On Sept. 27, 2000, before me, Tammy C. Jones, a Notary Public in and for said State, personally appeared Mary D. Hall, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Tammy C. Jones (Seal)
Commission Expires 1/12/03

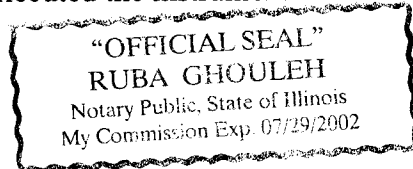
ACKNOWLEDGMENT- AGENT LESSOR

STATE OF Illinois)
COUNTY OF Cook)

On September 27, 2000, before me, Ruba Ghoulch, a Notary Public in and for said State, personally appeared Blake Lacher and Elizabeth McClellan, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Ruba Ghoulch (Seal)



ACKNOWLEDGMENT-LESSEE

STATE OF _____)
)
COUNTY OF _____)

On _____, 2000, before me, _____, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

ANNEX A

Description of Equipment

See attached pages.

SCHEDULE I

UNITS

New Hopper Cars

<u>Car Number</u>	<u>Final Inspection</u>	<u>Forwarded Date</u>	<u>Arrival Date</u>	<u>Invoice Amount</u>	<u>Invoice Forwarded</u>	<u>Invoice Number</u>	
ETCX	258000	9/1/2000	9/6/2000	9/13/2000	\$58,605	9/11/2000	121000145
	258001	8/15/2000	8/16/2000	8/19/2000	\$58,605	8/23/2000	121000115
	258002	8/7/2000	8/11/2000	8/14/2000	\$58,605	8/16/2000	121000100
	258003	8/4/2000	8/4/2000	8/6/2000	\$58,605	8/16/2000	121000097
	258004	8/4/2000	8/4/2000	8/6/2000	\$58,605	8/16/2000	121000097
	258005	8/7/2000	8/11/2000	8/14/2000	\$58,605	8/16/2000	121000100
	258006	8/7/2000	8/11/2000	8/14/2000	\$58,605	8/16/2000	121000100
	258007	8/7/2000	8/11/2000	8/14/2000	\$58,605	8/16/2000	121000100
	258008	8/4/2000	8/4/2000	8/6/2000	\$58,605	8/16/2000	121000097
	258009	8/7/2000	8/11/2000	8/14/2000	\$58,605	8/16/2000	121000100
	258010	8/7/2000	8/11/2000	8/14/2000	\$58,605	8/16/2000	121000100
	258011	8/14/2000	8/16/2000	8/19/2000	\$58,605	8/23/2000	121000115
	258012	8/7/2000	8/11/2000	8/14/2000	\$58,605	8/16/2000	121000100
	258014	8/4/2000	8/4/2000	8/6/2000	\$58,605	8/16/2000	121000097
	258016	8/7/2000	8/11/2000	8/14/2000	\$58,605	8/16/2000	121000100
	258017	8/7/2000	8/11/2000	8/14/2000	\$58,605	8/16/2000	121000100
	258018	8/7/2000	8/11/2000	8/14/2000	\$58,605	8/16/2000	121000100
	258019	8/4/2000	8/4/2000	8/6/2000	\$58,605	8/16/2000	121000097
	258020	8/7/2000	8/11/2000	8/14/2000	\$58,605	8/16/2000	121000100
	258021	8/17/2000	8/18/2000	8/22/2000	\$58,605	8/23/2000	121000115
	258022	8/4/2000	8/4/2000	8/6/2000	\$58,605	8/16/2000	121000097
ETCX	252050	8/29/2000	8/31/2000	9/12/2000	\$58,125	9/5/2000	121000137
	252054	9/7/2000	9/8/2000		\$58,125	9/11/2000	121000147
	252055	8/31/2000	8/31/2000	9/12/2000	\$58,125	9/5/2000	121000137
	252060	8/15/2000	8/16/2000	8/25/2000	\$58,125	8/23/2000	121000117
	252061	8/17/2000	8/18/2000	8/29/2000	\$58,125	8/23/2000	121000117
	252066	8/29/2000	8/31/2000	9/12/2000	\$58,125	9/5/2000	121000137
	252077	9/7/2000	9/8/2000		\$58,125	9/11/2000	121000147
	252085	9/1/2000	9/6/2000		\$58,125	9/11/2000	121000147
	252086	8/29/2000	8/30/2000	9/8/2000	\$58,125	9/5/2000	121000137
	252089	9/1/2000	9/6/2000		\$58,125	9/11/2000	121000147
	252097	8/14/2000	8/16/2000	8/23/2000	\$58,125	8/23/2000	121000117
	252103	8/15/2000	8/16/2000	8/25/2000	\$58,125	8/23/2000	121000117
	252109	9/1/2000	9/6/2000		\$58,125	9/11/2000	121000147
	252116	8/29/2000	8/30/2000	9/8/2000	\$58,125	9/5/2000	121000137
	252117	8/29/2000	8/30/2000	9/8/2000	\$58,125	9/5/2000	121000137
	252119	9/1/2000	9/6/2000		\$58,125	9/11/2000	121000147
	252120	8/29/2000	8/30/2000	9/8/2000	\$58,125	9/5/2000	121000137
	252121	8/29/2000	8/30/2000	9/8/2000	\$58,125	9/5/2000	121000137
	252124	8/29/2000	8/30/2000	9/8/2000	\$58,125	9/5/2000	121000137
	252127	9/1/2000	9/6/2000		\$58,125	9/11/2000	121000147
	252130	8/31/2000	8/31/2000	9/12/2000	\$58,125	9/5/2000	121000137
	252132	8/31/2000	8/31/2000	9/12/2000	\$58,125	9/5/2000	121000137

SCHEDULE I, cont.

<u>Car Number</u>	<u>Final Inspection</u>	<u>Forwarded Date</u>	<u>Arrival Date</u>	<u>Invoice Amount</u>	<u>Invoice Forwarded</u>	<u>Invoice Number</u>
252140	8/31/2000	8/31/2000	9/12/2000	\$58,125	9/5/2000	121000137
252141	9/7/2000	9/8/2000		\$58,125	9/11/2000	121000147
252146	9/7/2000	9/8/2000		\$58,125	9/11/2000	121000147
ETCX	258015	9/7/2000	9/11/2000	\$58,605	9/15/2000	121000155
	252053	9/13/2000	9/15/2000	\$58,125	9/15/2000	124000156
	252080	9/14/2000	9/15/2000	\$58,125	9/15/2000	124000156
	252084	9/13/2000	9/15/2000	\$58,125	9/15/2000	124000156
	252092	9/12/2000	9/13/2000	\$58,125	9/15/2000	124000156
	252098	9/13/2000	9/15/2000	\$58,125	9/15/2000	124000156
	252099	9/13/2000	9/15/2000	\$58,125	9/15/2000	124000156
	252101	9/13/2000	9/15/2000	\$58,125	9/15/2000	124000156
	252106	9/13/2000	9/15/2000	\$58,125	9/15/2000	124000156
	252110	9/13/2000	9/15/2000	\$58,125	9/15/2000	124000156
	252123	9/12/2000	9/13/2000	\$58,125	9/15/2000	124000156
	252126	9/12/2000	9/13/2000	\$58,125	9/15/2000	124000156
	252133	9/12/2000	9/13/2000	\$58,125	9/15/2000	124000156
	252135	9/13/2000	9/15/2000	\$58,125	9/15/2000	124000156
	252142	9/12/2000	9/13/2000	\$58,125	9/15/2000	124000156
	252143	9/12/2000	9/13/2000	\$58,125	9/15/2000	124000156
	252147	9/12/2000	9/13/2000	\$58,125	9/15/2000	124000156
	252149	9/12/2000	9/13/2000	\$58,125	9/15/2000	124000156

New Tank Cars

<u>Car Number</u>	<u>Final Inspection</u>	<u>Shipped From</u>	<u>Forwarded Date</u>	<u>Arrival Date</u>	<u>Invoice Amount</u>	<u>Invoice Forwarded</u>	<u>Invoice Number</u>
ETCX	223900	8/30/2000 Milton, PA	8/31/2000		\$81,730	9/8/2000	501001460
	223901	8/30/2000 Milton, PA	8/31/2000		\$81,730	9/8/2000	501001460
	223902	8/30/2000 Milton, PA	8/31/2000		\$81,730	9/8/2000	501001460
	223903	8/30/2000 Milton, PA	8/31/2000		\$81,730	9/8/2000	501001460

Total number of Cars:	68
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Total Invoice Amount:	\$4,057,480
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